

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 AF-08 ARA-06 EA-07

NEA-10 OIC-02 L-03 FRB-03 OMB-01 ITC-01 SP-02

AGRE-00 AID-05 CIAE-00 COME-00 INR-07 LAB-04

NSAE-00 SIL-01 STR-04 TRSE-00 CEA-01 SSO-00

INRE-00 USIE-00 /099 W

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O R 231149Z MAR 77

FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 6143

INFO USMISSION USEC BRUSSELS

USUN NEW YORK 4474

OECD PARIS 9534

C O N F I D E N T I A L SECTION 1 OF 2 GENEVA 2195

FOR EB/ORF - BOSWORTH AND WENDT

E.O. 11652: GDS

TAGS: UNCTAD, EGEN

SUBJ: UNCTAD: UN CONFERENCE ON A COMMON FUND: MINI-CRISES
BREAK OUT

1. BEGIN SUMMARY: TWO UNRELATED DEVELOPMENTS MARCH 22
DISTURBED THE RELATIVE CALM OF TWO AND ONE-HALF WEEK OLD
COMMON FUND CONFERENCE, WITH A WEEK AND A HALF STILL RE-
MAINING. ONE WAS A SEMI-PUBLIC EVENT INVOLVING A MOVE BY
AFRICAN MEMBERS OF THE G-77 TO FORCE A SHOWDOWN IMMEDIATELY
ON THE ISSUE OF A POLITICAL COMMITMENT BY ALL PARTICIPANTS
TO THE ESTABLISHMENT OF A COMMON FUND; IT HAS RESULTED IN
ALL SESSIONS OF THE THREE NEGOTIATING GROUPS ADJOURNED, AT
LEAST FOR THE TIME BEING, SINE DIE. THE OTHER INVOLVES
INTERNAL DIFFICULTIES WITHIN THE EUROPEAN COMMUNITY,
WITH THE DUTCH ATTEMPTING TO OBTAIN A CHANGE IN CURRENT EC
POLICY ON THE CF AT THE EUROPEAN SUMMIT THIS COMING FRIDAY
IN ROME, IN FAVOR OF A COMMITMENT IN PRINCIPLE TO THE
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CF. US DEL CONTINUES TO TELL ALL WHO ASK (AND EVEN SOME
WHO DON'T) THAT WE ANTICIPATE NO FURTHER MOVEMENT IN U.S.
POSITION FOLLOWING U.S. STATEMENT DURING OPENING WEEK.
END SUMMARY.

2. AFTER COMPLETION OF NORMAL WORKING SESSION OF
COMMITTEE I (OBJECTIVES AND MODES OF OPERATIONS) MARCH 22,

G-77 REP (ALATAS-INDONESIA) SUDDENLY ASKED WITHOUT EXPLANATION THAT ALL SESSIONS OF NEGOTIATING GROUPS BE POSTPONED SINE DIE. POSTPONEMENT WAS PROMPTLY GRANTED. FOLLOWING MEETING WE LEARNED THIS WAS DUE TO AFRICAN GROUP PULLOUT FROM COMMON G-77 FRONT IN NEGOTIATIONS BY INSISTING THAT G-77 PRESS FORWARD IMMEDIATELY WITH A DEMAND FOR AN IMMEDIATE COMMITMENT ON THE PRINCIPLE OF THE ESTABLISHMENT OF THE FUND; FAILING THIS, THE CONFERENCE SHOULD ADJOURN AND LET THE POLITICAL CONSEQUENCES BE DRAWN. G-77 ASKED FOR ADJOURNMENT TO CONSIDER AFRICAN POSITION FURTHER WITHIN THEIR OWN GROUP.

3. US DEL (BOERNER) TALKED FOLLOWING ADJOURNMENT WITH AMB DADZIE OF GHANA ABOUT REASONING UNDERLYING AFRICAN GROUP POSITION, WITH STEELE (EC SPOKESMAN AT CONFERENCE) ALSO PRESENT. DADZIE EXPLAINED THAT IT WAS AFRICAN VIEW THAT COMMITMENT (SIC) TO CF AT NAIROBI HAD NOT BEEN FULFILLED. CURRENT CF CONFERENCE WAS A POLITICAL CONFERENCE, NOT AN ECONOMIC ONE. ITS PURPOSE WAS TO GAIN FULL SUPPORT FOR CF, AND NOT TO DEBATE DETAILED ECONOMIC ASPECTS OF FUND. GROUP B (DEVELOPED) COUNTRIES WERE TAKING THIS LATTER TACK TO AVOID AN OUTRIGHT COMMITMENT TO CF, AND THIS PROCESS HAD TO BE HALTED. FOLLOWING COMMITMENT, ALL ASPECTS OF CF COULD BE EXPLORED, INCLUDING PARTICULARLY SENSITIVE ONE (FOR AFRICANS) OF CF FINANCING OF MEASURES OTHER THAN BUFFER STOCKING. DURING CONVERSATION, DADZIE SEEMED TO WAIVER BETWEEN INSISTING ON FLAT STATEMENT OF COMMITMENT IN PARINCIPLE AND MULLING OVER POSSIBILITY OF NEGOTIATION OF AN AGREED LIST OF CONFIDENTIAL

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PRINCIPLES TO GOVERN A FUND (WHICH MIGHT OR MIGHT NOT INCLUDE SUCH A COMMITMENT) AS SUFFICIENT TO CONCLUDE CURRENT NEGOTIATING SESSION.

4. KHERBI (ALGERIA), ONE OF G-77 LEADERS AT CURRENT MEETING, ALSO SHOWED HE WAS UNDER PRESSURE FROM AFRICANS WHEN HE SPOKE TO US. HE SAID HE APPRECIATED CHANGE IN U.S. POSITION AT MEETING AND GREATER FORTHCOMINGNESS ENVISAGED ON CF. BUT A COMMITMENT IN PRINCIPLE ON THE ISSUE WAS NEEDED DURING CURRENT MEETING. IT WOULD NOT MEAN, HE SAID, THAT U.S. ACCEPTED G-77 VERSION OF FUND. "ALL DETAILS ARE OPEN." U.S. COMMITMENT WOULD BE AN IMPORTANT DEMONSTRATION TO DEVELOPING COUNTRIES OF ITS CONCERN WITH COMMODITIES ISSUES, AND HAVE GREAT PRACTICAL EFFECTS BY FORCING GERMANS AND JAPANESE TO AGREE ALSO.

5. IN BOTH CONVERSATIONS, AND IN OTHER OPPORTUNITIES AS WELL, WE GAVE NO INDICATION OF ANY POSSIBLE CHANGE IN U.S. POSITION, AND, IN FACT, INDICATED REPEATEDLY THAT

WHILE U.S. OPEN-MINDED AND GENERALLY POSITIVE ON COM-MODITIES ISSUES, NEW ADMINISTRATION NEEDED MORE TIME TO CONSIDER FULLY ISSUE AS IMPORTANT AS CF BEFORE ANY COMMITMENT COULD BE UNDERTAKEN.

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ITC-01 SP-02 AGRE-00 AID-05 CIAE-00 COME-00
INR-07 LAB-04 NSAE-00 OIC-02 SIL-01 STR-04
TRSE-00 CEA-01 USIE-00 AF-08 ARA-06 EA-07 NEA-10
SSO-00 INRE-00 EURE-00 /099 W
-----231252Z 054504 /45

O R 231149Z MAR 77
FM USMISSION GENEVA
TO SECSTATE WASHDC IMMEDIATE 6144
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6. IN SEPARATE DEVELOPMENT, STEEL OF EC TOLD US THAT ARRIVAL OF NEW DUTCH REP ON SCENE HERE OVER LAST WEEKEND HAD PROVOKED A MAJOR CHALLENGE BY DUTCH OF COMMUNITY POSITION ON CF AGREED AT EC COUNCIL MEETING ON MARCH 8. STEELE SAID DUTCH WERE INSISTING ON APPENDING TO EC REPORT TO HEADS OF GOVERNMENT FOR THEIR MARCH 25 MEETING IN ROME A PROPOSAL THAT EC CHANGE ITS POSITION IN CURRENT MEETING AND AGREE TO (1) JOINT PRODUCER/CONSUMER FINANCING OF BUFFER STOCKS; (2) A COMMITMENT IN PRINCIPLE TO THE CF; AND (3) ANNOUNCEMENT OF CONTRIBUTIONS TO THE CF. STEELE SAID THAT HE DID NOT EXPECT THE DUTCH PROPOSAL TO BE ACCEPTED -- IN FACT, THEY WERE LARGELY ISOLATED IN THE COMMUNITY, WITH ONLY POTENTIAL SUPPORT FROM FRENCH -- BUT HE ASKED WHETHER U.S. CONTINUED FIRM IN ITS REJECTION OF COMMITMENT IN PRINCIPLE TO CF FOR THE REMAINDER OF THE CONFERENCE. (OTHERS IN THE COMMUNITY HAVE TOLD US OF REPORTS FROM WASHINGTON THAT U.S. HAS ALREADY DECIDED FAVORABLY ON A PARTICULAR OPTION OF THE FUND.) AFTER CONSULTING BY TELEPHONE WITH DEPT, WE INFORMED STEEL WE EXPECTED THAT U.S. POSITION FOR CONFERENCE WOULD REMAIN AS GIVEN IN OUR OPENING STATEMENT ON MARCH 10. WE ALSO ASSURED
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HIM THAT FULL CONSULTATION WOULD CONTINUE WITH COMMUNITY ON ALL MAJOR ASPECTS OF U.S. POLICY ON CF.

7. IT SHOULD BE NOTED THAT NOT ALL UNOFFICIAL CONVERSATIONS WITH G-77 REPS HAVE TAKEN TACK DESCRIBED ABOVE. SAUDI REP (KURDI), FOR EXAMPLE, TOLD US MARCH 22 THAT HE DID NOT EXPECT ANY POLITICAL COMMITMENT BY U.S. OR OTHERS IN FORM OF A CONFERENCE RESOLUTION. HE THOUGHT A SATISFACTORY OUTCOME TO MEETING WOULD BE A CAREFULLY NEGOTIATED SUMMING-UP STATEMENT BY THE PRESIDENT OF THE CONFERENCE, WHICH MIGHT CONTAIN SOME AGREED PRINCIPLES, BUT WHICH WOULD COMMIT NO ONE. WE WILL BE REPORTING LATER ON THIS AND OTHER POSSIBLE OUTCOMES.

8. COMMENT: FLARE-UPS REPORTED ABOVE COME ABOUT A WEEK EARLIER THAN EXPECTED, BUT ARE NOT SURPRISING. THE NEXT FEW DAYS WILL DETERMINE HOW SERIOUS AFRICAN DISSATISFACTION IS; SOME OF ITS MOTIVATION MAY REFLECT INTERNAL MANAGEMENT PROBLEMS WITHIN THE G-77 RATHER THAN SUBSTANCE, (PROCEDURAL DISAGREEMENTS DURING FIRST WEEK OF CONFERENCE REFLECTED THIS). DUTCH PROBLEM WITHIN EC IS ALSO STANDARD FORM FOR UNCTAD COMMODITY MEETINGS, AND MAY FORETELL AN EVENTUAL BREAKAWAY BY THEM IN FINAL DAYS OF CONFERENCE AND ANNOUNCEMENT OF SEPARATE CONTRIBUTION TO CF (UP TO NOW, NORWEGIANS ONLY GROUP B COUNTRY TO TAKE THIS STEP).

9. IN INCONCLUSIVE RUMP GROUP B CONSIDERATION OF THIS ISSUE (EC PRINCIPALS ABSENT) ON MORNING OF MARCH 23, US REP REITERATED US UNWILLINGNESS TO MAKE FURTHER MOVEMENT ON CF ISSUE AT THIS MEETING, AND WAS FOLLOWED BY SIMILAR STATEMENTS BY SWITZERLAND, AUSTRALIA AND CANADA. JAPANESE REP SAID ALL OPTIONS MUST REMAIN OPEN. SITUATION ASSESSED AS HIGHLY FLUID, BUT POSSIBLY LEADING TO DRAFTING EXERCISE WITH G-77, WITH NO COMMITMENT, ON PRINCIPLES WHICH CONTINUES TO LEAVE ALL OPTIONS OPEN.

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10. PLEASE PROTECT ALL SOURCES CITED.SORENSEN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INTERNATIONAL ORGANIZATIONS, DEVELOPMENT PROGRAMS, COMMITTEE MEETINGS, MEETING REPORTS
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Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Document Number: 1977GENEVA02195
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
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Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
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Review Event:
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Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3027335
Secure: OPEN
Status: NATIVE
Subject: UNCTAD: UN CONFERENCE ON A COMMON FUND: MINI-CRISES BREAK OUT
TAGS: EGEN, UNCTAD
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/f5a5aab3-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009